

## Message Text

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ORIGIN COME-00

INFO OCT-01 EUR-12 EA-10 NEA-10 ISO-00 AID-05 CIAE-00  
EB-08 FRB-03 INR-10 NSAE-00 ICA-11 TRSE-00 XMB-02  
OPIC-03 SP-02 LAB-04 SIL-01 OMB-01 NSC-05 SS-15  
STR-07 CEA-01 L-03 H-01 PA-01 /116 R

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APPROVED BY EB/ITP/EWT:DFRIED  
COM/BEWT/TDAD/RFSTECHSCHULTE  
COM/BEWT/USSR/HHEISS  
TREASURY/MFIELD - BY PHONE  
STATE/EUR/SOV/JCOLBERT

-----123951 131019Z /23

R 122228Z JUL 78  
FM SECSTATE WASHDC  
TO AMEMBASSY VIENNA  
AMEMBASSY LONDON  
AMEMBASSY PARIS  
AMEMBASSY BONN  
AMEMBASSY HELSINKI  
AMEMBASSY STOCKHOLM  
AMEMBASSY COPENHAGEN  
AMEMBASSY OSLO  
AMEMBASSY TOKYO  
AMEMBASSY BRUSSELS  
AMCONSUL AMSTERDAM  
AMEMBASSY BERN  
AMEMBASSY ROME  
AMEMBASSY LISBON  
AMEMBASSY LUXEMBOURG  
AMEMBASSY MADRID  
AMEMBASSY ATHENS  
AMEMBASSY ANKARA  
AMEMBASSY TEHRAN  
INFO AMEMBASSY MOSCOW

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E.O. 11652: N/A

TAGS: EFIN, ECON, UR, US, XT, JA, IR

SUBJECT: NEW SOVIET TAX DECREE

1. THE SOVIET UNION HAS RECENTLY ANNOUNCED A NEW TAX DECREE COVERING THE ACTIVITIES OF FOREIGN JURIDICAL AND PHYSICAL PERSONS IN THE USSR. THE SOVIET TAX COVERS INCOME RECEIVED FROM INDUSTRIAL PROPERTY RIGHTS, TECHNICAL ASSISTANCE AND OTHER UNSPECIFIED ACTIVITIES CARRIED OUT IN THE USSR. A TAX IS TO BE IMPOSED ALSO ON THE INCOME OF FOREIGN PHYSICAL PERSONS RESIDENT IN THE USSR. BASIC TAX RATE IS 40 PERCENT, BUT THE PRINCIPLE OF RECIPROCITY IS TO BE APPLIED IN REGARD TO THE IMPOSITION OF TAXES ON CITIZENS OF AND JURIDICAL PERSONS ESTABLISHED UNDER THE LAWS OF A PARTICULAR COUNTRY.

2. NEW DECREE ALSO TAKES ACCOUNT OF EXEMPTIONS GRANTED UNDER TAX AGREEMENTS BETWEEN THE USSR AND OTHER COUNTRIES. THUS, UNDER THE US-SOVIET TAX CONVENTION, MOST, IF NOT ALL, OF THE ACTIVITIES OF U.S. COMPANIES IN THE USSR ARE EXEMPT FROM SOVIET TAXATION, ALTHOUGH EMPLOYEES OF U.S. COMPANIES IN THE USSR MAY BE SUBJECT TO INDIVIDUAL INCOME TAX.

3. SINCE MANY U.S. COMPANIES TRADE WITH THE USSR THROUGH WESTERN EUROPEAN AND JAPANESE SUBSIDIARIES, HOWEVER, A COMPREHENSIVE ANALYSIS OF THE IMPACT OF THE TAX DECREE NECESSITATES COLLECTION OF INFORMATION ON LIMITED OFFICIAL USE

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SOVIET TAX RELATIONS WITH THOSE COUNTRIES. WE HAVE IN THE FILES COPIES OF LETTER AGREEMENTS ON TAXATION THE USSR MADE WITH FRANCE AND FINLAND IN 1967 AND 1970, RESPECTIVELY. THESE AGREEMENTS COVER ONLY INCOME FROM THE SALE OF INDUSTRIAL PROPERTY RIGHTS. WE ARE ALSO AWARE OF SHIPPING/AIR TAX AGREEMENTS WITH THE U.K., FRANCE, NORWAY, SWEDEN AND DENMARK. WE ARE NOT AWARE OF ANY OTHER AGREEMENTS BETWEEN THE SOVIET UNION AND OTHER WESTERN COUNTRIES.

4. ACTION REQUESTED: FOR PARIS, HELSINKI, LONDON, OSLO, STOCKHOLM, AND COPENHAGEN-PLEASE CONTACT APPROPRIATE AUTHORITIES TO DETERMINE WHETHER ABOVE AGREEMENTS ARE STILL IN EFFECT AND WHETHER COPIES OF THE AGREEMENTS ARE AVAILABLE. FOR OTHER POSTS: PLEASE CONTACT APPROPRIATE AUTHORITIES TO DETERMINE WHETHER SOVIETS HAVE TAX AGREEMENTS WITH ANY OTHER WESTERN COUNTRIES OR WHETHER THERE HAVE BEEN BEEN DISCUSSIONS OR NEGOTIATIONS ON SUCH AGREEMENTS. PLEASE SLUG RESPONSES COMMERCE/BEWT FOR D. STEIN, TREASURY/OTA FOR M. FIELD, STATE/EUR/SOV FOR J. COLBERT. FYI: EMBASSY MOSCOW IS ALSO CHECKING WITH WESTERN EMBASSIES IN MOSCOW ON THESE SAME

QUESTIONS. CHRISTOPHER

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NNN

## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 jan 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** TAX LAW, FOREIGN WORKERS  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 12 jul 1978  
**Decaption Date:** 01 jan 1960  
**Decaption Note:**  
**Disposition Action:** RELEASED  
**Disposition Approved on Date:**  
**Disposition Case Number:** n/a  
**Disposition Comment:** 25 YEAR REVIEW  
**Disposition Date:** 20 Mar 2014  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1978STATE176138  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** BEWT/TDAD/558/DDSTEIN  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Expiration:**  
**Film Number:** D780286-1242  
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**Litigation History:**  
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**Office:** ORIGIN COME  
**Original Classification:** LIMITED OFFICIAL USE  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
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**Previous Classification:** LIMITED OFFICIAL USE  
**Previous Handling Restrictions:** n/a  
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**Review Event:**  
**Review Exemptions:** n/a  
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**Review Release Date:** N/A  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**SAS ID:** 2030335  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** NEW SOVIET TAX DECREE  
**TAGS:** EFIN, ECON, UR, US, XT, JA, IR  
**To:** VIENNA LONDON MULTIPLE  
**Type:** TE  
**vdkgvwkey:** odb://SAS/SAS.dbo.SAS\_Docs/c8d07e76-c288-dd11-92da-001cc4696bcc  
**Review Markings:**  
Sheryl P. Walter  
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